

P-438/EM-88-493 APPROVING RATE CHANGES, APPROVING NEW SERVICES,
REQUIRING ELIMINATION OF GEOGRAPHIC DEAVERAGING, AND REQUIRING
REFUNDS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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| Barbara Beerhalter | Chair |
| Cynthia A. Kitlinski | Commissioner |
| Norma McKanna | Commissioner |
| Robert J. O'Keefe | Commissioner |
| Darrel L. Peterson | Commissioner |

In the Matter of A Request by LDB Corporation to Introduce Nine New Interexchange Service Options, to Change the Rates on Two Interexchange Service Options, and to Increase Volume Discounts

ISSUE DATE: December 16, 1988

DOCKET NO. P-438/EM-88-493

ORDER APPROVING RATE CHANGES,
APPROVING NEW SERVICES,
REQUIRING ELIMINATION OF
GEOGRAPHIC DEAVERAGING, AND
REQUIRING REFUNDS

PROCEDURAL HISTORY

On July 20, 1988 LDB Corporation (LDB or the Company) made a tariff change filing proposing to change its rates for two travelers service options, to decrease its volume discounts, and to introduce four new long distance service options, three new WATS options, and two new Collect-A-Call options. The Company had already put the changes into effect and made the filing upon learning that it was required under Minn. Stat. § 237.60, subd. 2 (1986).

The Department of Public Service (the Department) examined the filing and recommended approval, subject to the Company's compliance with a recent Commission Order requiring the elimination of geographical deaveraging in long distance rates. In the Matter of the Petition of the Office of Attorney General for an Order Concerning Geographically Deaveraged Long-Distance Rates, Docket No. P-999/C-88-615, Order Granting Petition and Requiring Filing, November 23, 1988.

The Department also recommended that the Company be required to refund the difference between the rates previously on file with the Commission and the rates it charged its customers prior to Commission approval of the July 20 filing.

The Residential Utilities Division of the Office of the Attorney General filed comments concurring in the recommendations of the Department.

The Company requested waiver of the refund on grounds that the amount of money involved was too small to justify the expense of distributing a refund.

FINDINGS AND CONCLUSIONS

The Commission finds that the proposed rate changes and service offerings are reasonable and should be approved, subject to the constraints imposed by the geographical deaveraging Order cited above. The rates in the filing cover costs, and they are not excessive. They therefore comply with the requirements of Minn. Stat. § 237.60, subd. 2 (1986). The Company is already bound by the deaveraging Order, and it is mentioned here only for purposes of clarity.

The Commission also finds that the Company should be required to refund the difference between its old rates and the new rates paid by customers prior to their approval today. The Commission understands that the Company's failure to file a timely rate change petition was inadvertent. The reliability of Commission tariffs and the integrity of the regulatory process depend on consistent compliance with statutory filing requirements, however. The Commission will therefore deny the request for waiver.

Finally, the Commission agrees with the Company that the amount of this refund does not justify the expense it would require to attempt to identify which customers paid the rate increase and to make refunds directly to them. The Commission is convinced, however, that if the Company and the Department address the refund issue together, they can develop an economical plan to refund the amount the Company improperly collected. The Commission will so require.

ORDER

1. The rate changes and new service offerings proposed by LDB Corporation, Inc. in its filing of July 20, 1988 are approved, subject to the Company's compliance with the November 23, 1988 Order in docket no. P-999/C-88-615, requiring the elimination of geographical deaveraging in long distance rates.

2. The Company shall refund, with interest at the average monthly prime rate, the additional revenue resulting from the difference between its old rates and the new rates paid by customers prior to their approval today.
3. The Company and the Department shall work together to develop an economical plan to accomplish the refund ordered in paragraph 2.
4. The Department shall submit the plan for Commission approval, or shall submit a report on the status of its discussions with the Company, within 30 days of the date of this Order.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)